REPORT-Caird

ND TEACHERS' FUND FOR RETIREMENT

JULY 2014



TFFR Submits Bill for Interim Study

The TFFR Board submitted bill draft no. 140 to the Legislative Employee Benefits Programs Committee for interim study. The bill updates certain dates to maintain compliance with federal Internal Revenue Code tax law changes related to qualified governmental pension plans. These changes are not expected to have an actuarial effect on the plan, and are not being submitted for funding purposes.

The study bill and testimony are available on the RIO website at www.nd.gov/rio/tffr/legislation/default_2015.htm.

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Articles are for general information only and are not intended to provide specific advice or recommendation. Other forms of this newsletter are available on request.



Back row: State Treasurer Kelly Schmidt, Mel Olson, Rob Lech Front Row: Clarence Corneil, State Supt. Kirsten Baesler, Kim Franz, Mike Gessner

TFFR Board

Your retirement board is dedicated to ensuring a financially strong pension fund for the benefit of North Dakota's active and retired public school teachers.

Memo to Members

Excellence. It's all about attitude.

Each day as I walk into my office I see a small metal sign which says:

"Excellence is not a skill. It is an attitude." (Ralph Marston)

The sign reminds me to make a commitment to do my very best every day on behalf of TFFR members and employers, and the pension plan with which we are entrusted. I believe all of our experienced, dedicated staff members have that same attitude and sincere desire to provide excellent customer service.

Most of you come into contact with only a few people in our office – typically member and employer service specialists who provide excellent customer service as evidenced by the positive comments and evaluations we receive. Maybe you have seen their friendly faces in our Bismarck office or around the state conducting preretirement seminars, benefits counseling sessions, and presentations, or visited with them on the phone to discuss personal retirement questions and concerns.

But excellent customer service isn't just about the people you see at the retirement office. It's also about those who are behind the scenes making sure retirement and investment program operations run smoothly and efficiently – administrative, accounting, audit, investment, and information technology support staff. They are the backbone of the agency and allow us to administer an accurate,



Fay Kopp
Deputy Executive Director –
Chief Retirement Officer

prompt, and efficient pension benefits program. I am grateful for their efforts, and know they will continue to support program initiatives in the future.

Speaking of program initiatives, we have been brainstorming ways to enhance service and better connect with our members. As you might guess, most of our discussions seem to center around technology. Some of the enhancements you may see in the next few years include:

- Member Online Services to allow you to view your member account information, annual statements, and other retirement information online.
- 2) Redesigned website which will contain even more information about your retirement plan benefits, legislation, funding, investments, and other topics of interest.
- Online tutorials to guide you in applying for retirement benefits, and other plan benefits.
- 4) Personal teleconference benefits counseling sessions.

As we explore new opportunities and methods of communicating with our members, please know that we will continue to strive for excellence. We will do our best to balance the needs of members with our ability to provide services in a cost effective, efficient manner. Our methods may change, but our positive attitude will not.

It is an honor and a privilege to serve ND public school educators. As always, I invite you to share your thoughts and suggestions with me.

The TFFR Board has established the following service goals which guide our staff:

- Administer accurate, prompt, and efficient pension benefits program.
- Deliver high quality, friendly service to members and employers.
- Provide educational outreach programs.

RULES, RULES, RULES.

Rules at home, rules at school, rules of the road, rules at work, Rule of 85, Rule of 90, etc. So many RULES! From early on, we are faced with a plethora of rules. As a TFFR member, you even have rules in retirement. You may be a few years away from retirement, but there will come a time in your life that you can retire and collect your retirement benefits. The question is, "WHEN?" That's where the "rules" come in.

If vested, you can begin payment of a monthly pension benefit after terminating TFFR covered employment and attaining retirement

eligibility based on your member tier status.

Tier 1 Grandfathered		
Vesting	3 Years of TFFR Service	
Unreduced Retirement	Rule of 85 or Age 65	
Reduced Retirement	Age 55	

Tier 1 Non-grandfathered	
Vesting	3 Years of TFFR Service
Unreduced Retirement	Rule of 90 & Min Age 60 or Age 65
Reduced Retirement	Age 55

Tier 2		
Vesting	5 Years of TFFR Service	
Unreduced Retirement	Rule of 90 & Min Age 60 or Age 65	
Reduced Retirement	Age 55	

Not quite sure if you are grandfathered or not? It's easy to find out! Just look at your 2013 Annual Retirement Benefits Statement and it will indicate your membership status tier. The hard part is to find that statement. It was mailed to the address we have on file last August, Can't find it? Your 2014 Annual Statement will be mailed at the end of August indicating your membership status and projections of your eligibility for TFFR benefits. (See "How to Read Your Benefits Statement" article in this newsletter.)



while it seems there r rules for many things, there r not many rules in texting, when texting about ur retirement, u could use:

- r of 85
- r of 90
- fas (final average salary)
- ret (retirement)
- grndfthd (grandfathered)
- when can u ret?
- I will b working 4evr 🙂



Contribution Rates Increasing July 1, 2014

Legislation effective July 1, 2014, will increase both member and employer contributions by 2% each. These rates will reduce to 7.75% each once the TFFR plan reaches a 100% funded status.

	Effective 7/1/2014
Member Contribution Rate	11.75%
Employer Contribution Rate	12.75%

FAQ FREQUENTLY ASKED QUESTIONS

Q: How will the 2% increase in employee contributions on 7/1/14 impact my paycheck?

A: If you pay your TFFR contributions through a salary reduction plan, you may see a decrease in your take home pay unless a salary increase of 2% or more was negotiated. If your employer has agreed to pay the entire 11.75%, your take home pay should not decrease and may increase to reflect any additional salary increase that was negotiated. If your employer was picking up all or a portion of the 9.75% employee contribution and did not agree to pick up the additional 2% employee contribution, you may see a decrease in your take home pay unless a salary increase of 2% or more was negotiated.

Q: Can I borrow money from my TFFR account?

A: It is tempting to borrow against your future retirement to ease financial shortfalls today, but you cannot borrow from your TFFR pension plan or use the account as collateral for a loan. This is a provision in North Dakota state law. This law prevents you from accessing your money while

you are working but also protects your pension contributions from creditors.

Q: Is the funding status of TFFR improving?

A: TFFR funding levels are expected to improve gradually over time. However, until all of the 2008-09 investment losses are recognized over the 5-year smoothing period, and until the increased member and employer contributions flow into the plan (effective 7-1-12 and 7-1-14), funding progress will not be reflected in the valuation reports. Time is needed for the changes made to show positive funding results. Actuarial projections show if all actuarial assumptions are met, it will likely take 20-30 years before TFFR reaches a 100% funding level. If investment returns are greater than 8% over the long term, funding progress will happen more guickly. However, if investment returns are less than 8% over the long term, it will take longer to reach a 100% funded status. A long term focus is important in financing pensions. Due to legislative action, TFFR's long term funding outlook is positive, and benefits are secure for past, present, and future ND educators.

Individual Counseling Important Before Retirement

Attending a TFFR benefits counseling session is your opportunity to visit one on one with a TFFR retirement professional. During your session, a counselor will:

- Review your personal TFFR account information.
- Discuss the costs and impact of purchasing service credit.
- Create retirement benefit estimates using a variety of projection scenarios.
- Explain TFFR retirement benefit payment options.
- Review recent changes to the TFFR plan.
- Explain the retirement application process.

TFFR Benefits Counseling appointments fill up fast, so if you would like to attend an individual session, contact us immediately. Due to very high demand, preference will be given to those who have not recently attended a counseling session. The following sites have been selected for the individual 30-minute benefits counseling appointments to discuss TFFR benefits and other retirement concerns. Call 701-328-9886 or 800-952-2970 to schedule an appointment today.

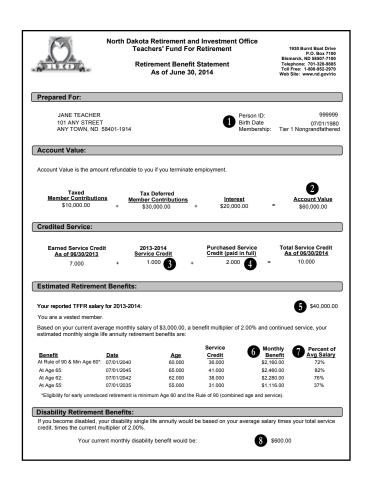
Williston	August 12, 2014
Tioga	August 13, 2014
Wahpeton	September 9, 2014
Valley City	September 10, 2014
Grand Forks	September 17-18, 2014
Devils Lake	September 24, 2014
Minot	September 25, 2014
Bottineau	October 8, 2014
Minot	October 9, 2014
Jamestown	October 14, 2014
Dickinson	November 5, 2014
Washburn	November 6, 2014
Fargo	December 10, 2014
West Fargo	December 11, 2014
Bismarck	January 5, 2015*

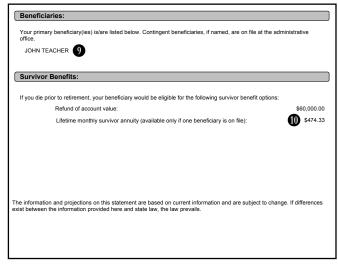
*Counseling sessions can be scheduled throughout the year in the TFFR Bismarck office. On January 5, 2015, we will be open late.

How to Read Your Benefits Statement

Your TFFR annual retirement statement is designed to help you understand all the benefits available to you. Here are the top ten items you should review when you receive your statement each August. If you find errors in the information reported, please contact us immediately so corrective action can be taken. The benefit projections also can assist you and your family to determine if you need to take steps to strengthen your financial position in the event of disability or death.

- 1. Check your name, address, and birth date. A six digit Person ID has replaced the use of your Social Security number as an identifier. Please have this number available when you contact the retirement office. Your membership status tier is also shown in this section Tier 1 Grandfathered, Tier 1 Nongrandfathered, or Tier 2.
- 2. Amount refundable to you if you terminate TFFR covered employment. Account value includes member contributions, purchase payments, and interest earned (6%).
- 3. Verify your service credit reported by your employer (700 hours = 1 year).
- 4. If currently purchasing service credit, the years will not appear until paid in full.
- 5. 2013-14 retirement salary reported should include all eligible pay for teaching, supervisory, administrative, and extra-curricular duties. If your employer pays all or a portion of the TFFR member contribution, this amount is also included in your retirement salary.
- 6. Benefit projections have been provided for most active and deferred members for up to four retirement scenarios including the year you are projected to reach eligibility for full unreduced retirement. The single life annuity option is only one of several payment options available to you at retirement. If you would like to see a retirement projection including all payment options, contact the Administrative Office.
- 7. Percent of final average salary that TFFR retirement benefits replace.
- 8. This disability benefit is payable in the event you experience a long term temporary or permanent disability that prevents you from performing the duties of a teacher.





- 9. Only your primary beneficiary is shown on this statement. If you have named contingent beneficiaries, they are on file at the TFFR office. If married, your spouse must be named as your primary beneficiary unless spousal consent is given.
- 10. Survivor benefits are payable to your beneficiary in the event you pass away before you begin drawing TFFR benefits. If you pass away after benefits have commenced, survivor benefits will be paid as specified by the payment option you selected at retirement.



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Franz Re-Appointed to Board

Governor Dalrymple has re-appointed Kim Franz to another five-year term on the TFFR Board. Franz, an elementary teacher from Mandan, has been a trustee since 2006 and represents active teachers on the Board. We appreciate her commitment to serve North Dakota educators as a TFFR Board Trustee.